

Identification of the Area

Name or Designation: **Area 47: Vashon - Maury Island**

Boundaries:

Area 47 consists of and is limited to Vashon - Maury Island, which are true islands bounded on all sides by the waters of Puget Sound.

Maps:

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

Area 47 - As the accompanying maps show, Vashon – Maury Island is located in Puget Sound, west of Seattle, with the northern tip of the Island due west of the Fauntleroy Ferry dock in West Seattle. The island has a total population of about 11,000 people. Access to Vashon-Maury Island is via Washington State ferries running from Seattle's Fauntleroy Dock, Point Defiance in Tacoma, and Southworth, and via passenger-only ferry from downtown Seattle.

Residential land use consists primarily of detached single family homes on acreage, with about fifty apartment units located in the town of Vashon. The principal employers on the island are the K-2 ski factory and the school district. Manufacturing activities besides K-2 include Seattle's Best Coffee, Island Spring Tofu, and Sawbones, a company specializing in manufacturing skeletal models for medical instructional purposes.

The principal business district on the island is the town of Vashon, situated about three miles south of the ferry landing, on Vashon Highway between about SW 168th Street and SW 204th Street (portions of neighborhoods 10,20 &30). It has a community shopping center, two strip retail centers, and several free standing retail buildings. There is also a small amount of general office space. About two miles south on the north side of Quartermaster Harbor, is Burton a much smaller business district.

Development activity on Vashon – Maury Island has been very slow for several years. This is due to three reasons. First, the island is effectively isolated from the mainland. The ferry terminal at the north end of the island connects it with Seattle on the east, and Southworth on the Kitsap Peninsula, on the west. On the south end, the Tahlequah ferry connects with the City of Tacoma. There is also a small, little used airport about one mile west of the town of Vashon. Secondly, there is little support among island residents and property owners for development activity, which may dramatically change the rural character of the island. Third, development on Vashon is limited by a lack of availability of fresh water. The dimensions and significance of the water shortage are very difficult to measure, partly because there is no centralized water authority for the island, but rather several independent purveyors. The problem must be taken seriously in considering the

market value of land in the district, since landowners in the town of Vashon have produced documentation that they cannot build on their sites because they cannot connect with a supply of fresh water. Resolution No. 778 defines the building moratorium.

These considerations affect the valuation of Vashon properties, particularly in the Vashon business district. First, the isolation of the area shields it from development pressures experienced, for example, in south King County. The demand that does exist for improved and unimproved commercial properties on Vashon confronts a highly inelastic supply, since both the lack of water and the negative neighborhood sentiment work against the development of any new commercial space on the island. Therefore, existing developed commercial space and the land it is sitting on is more valuable than it would be without the constraints that limit new development.

Area 47-10

This neighborhood is generally considered as the north half of the downtown core, with its southern boundary located at SW Bank Rd. The neighborhood includes all of sections 30-23-03 and 29-23-03. There are approximately 59 commercial properties located within this neighborhood. Most of the commercial real estate activity is seen in neighborhoods 10 & 20. Five of the eight land sales and three of the seven improved sales available for the 2003 analysis were located in neighborhood 10. Neighborhood 10 was physically inspected for the 2001 revalue.

Area 47-20

This neighborhood is generally considered as the south half of the downtown core, with its northern boundary located at SW Bank Rd. The neighborhood includes all of sections 31-23-03 and 32-23-03. There are approximately 80 commercial properties located within this neighborhood. Most of the commercial real estate activity is seen in neighborhoods 10 & 20. Three of the eight land sales and three of the seven improved sales available for the 2002 analysis were located in neighborhood 20. Much of neighborhood 20 was also physically inspected for the 2001 revalue. New construction in 2001/2002 includes the new Island Lumber and Hardware Store, an approximate 19,000 SF building located just south of the Thriftway Retail Shopping Center.

Area 47-30

This neighborhood encompasses those geographic commercial parcels, which lie in sections 5, 6, 7, and 8-22-03, directly south of economic neighborhoods 10 and 20. The north central portion of this neighborhood includes a few CB zoned parcels that were increased in value in the 2001 revalue, to reflect current market conditions. The 1998 inspection effort included the commercial properties south to approximately SW Quartermaster Dr. (SW 225th) in neighborhood 30. There are approximately 52 commercial

properties in this neighborhood. This neighborhood was physically inspected again for the 2002 revalue.

Area 47-40

This neighborhood was the physically inspected for the 1999 revalue. It encompasses those geographic commercial parcels which lie in the northern part of Vashon Island being contained in the remaining sections with township 23 not in economic neighborhoods 10, 20, or 30, and also in those sections up to 12 with township 22. It is an upside down “u” shaped neighborhood comprised of the north, east and west island boundaries. There are approximately 45 parcels in this economic neighborhood.

Area 47-50

This neighborhood was the physically inspected for the 2000 revalue. It encompasses those geographic commercial parcels lying in the southern part of Vashon - Maury Island being contained in sections with township 22 ranges 2 and 3, and 3 parcels in SE 2-21-2. These properties encompass those few commercial parcels within the small towns of Burton and Dockton as well as a conglomeration of other properties such as volunteer fire stations, water towers, community halls, the Talequah Ferry terminal, Glacier NW sand and gravel quarry, and several television transmitters. There are approximately 52 parcels in this economic neighborhood.

Preliminary Ratio Analysis

A Preliminary Ratio Study was completed just prior to the application of the 2002 recommended values. This study benchmarks the current assessment level using 2001 posted values. The study showed a Weighted Mean Assessment level of 83.9% with a COD of 16.51%, a COV of 29.06% and a PRD of 1. The COD and the PRD fall within the IAAO guidelines for a rural area. The study was also repeated after application of the 2002 recommended values. The COD and the COV improved after application of the 2002 recommended values. The new COD and COV were reduced indicating uniformity levels at 9.17% and 15.63 % respectively. The Weighted Mean Ratio increased to 91.1% and the PRD is .99. It should be noted there were only 7 sales for a population of 177 improved properties, too few sales for a solid analysis of assessment level, uniformity, or equity. Therefore, these results are not considered to provide any statistical significance.

Scope of Data

Land Value Data:

Vacant sales from 1/98 to 1/02 were researched. Eight sales occurring between 2/98 and 10/01 were given primary consideration for valuing land. While there were only eight good vacant land sales, six of these sales were prior to 12/00 and supported the 2001 increase in land value in the downtown Vashon business district as well as other commercial junctions along Vashon Hwy. S.W. The two 2001 land sales do not indicate any increase in land values for the 2002 assessment year.

Improved Parcel Total Value Data:

Only seven improved sales from 1/99 to 12/01 were available to establish a market relationship for similar properties that were not sold. Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales were verified if possible by calling either the purchaser or seller, inquiring in the field or calling the real estate agent. Characteristic data is verified for all sales if possible. Due to time constraints, interior inspections were limited. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report. Additional information resides in the Assessor's procedure manual located in the Public Information area of the King County Administration Building.

Land Value

Land Sales, Analysis, Conclusions

For most of Vashon – Maury Island, there was insufficient sales activity to increase the land valuation of commercially zoned properties beyond what had been done for the 2001 revalue. Eight vacant land sales from 2/98 to 11/01 were available for analysis. The issue of water rights still plays an important role in the valuation process, driving downward the assessed value of a vacant parcel without water rights. Parcels without water rights are not readily apparent, and an ongoing effort must be made to identify them. The KC Water District 19 at 17630 100th Ave SW maintains a list of property owners who have water rights. The Assessor has made an effort to verify which parcels have water units. If a parcel did not have at least one water unit, a discount of 50% was made to recognize the lack of current development potential. Due to the lack of market activity, appraisal judgment was utilized to arrive at the discount figure. Those parcels without water rights cannot be developed due to a moratorium currently in existence (see Resolution No. 778 as adopted at a regular meeting of the Board of Commissioners of Water District No. 19 held on February 13, 1996). Often, owners of a particular lot apply for or hold more than one water right (called units), which allows them to develop multiple retail, office or apartment projects within zoning parameters depending on the number of units they are granted. These units, when granted, are specific to a particular parcel, although contiguous ownership of parcels can utilize multiple units. One water unit allows development of a

parcel to a use that would not exceed an average water usage of 800 gallons/day (600 gallons/day for multi-family housing).

The following is a table describing the land valuation schedule for the Vashon business district –Neighborhood 10, 20, and the north portion of 30. There were few changes in these land values from the previous 2001 revalue.

Land Valuation Schedule

<u>Neighborhood</u>	<u>Zone</u>	<u>Price</u>	<u>unit of measure</u>
10,20,30	CB,CBP	\$10-\$12/SF	sq. ft.
	R12	\$6/SF	< 15,000 SF- single site
	R12	\$3.50 -\$5/SF	larger than single site > 15,000 SF
land values generally remained unchanged in the remaining neighborhoods due to a lack of commercial land sales indicating that value changes were necessary (a few values were changed to better equalize with similar properties in the same neighborhood)			

In summary, the market indicated that no increase in value was warranted for parcels zoned Commercial Business (CB, CBP) in neighborhoods 10, 20 and 30. These parcels are generally located along Vashon Highway SW, the Main Island arterial, in the largest business districts on the Island. Differences in value are recognized for proximity to the “heart” of the downtown core (intersection of Vashon Highway SW and SW Bank Rd) with the highest values per sq. ft. closest to the intersection.

There are approximately 280 non-specialty, commercial parcels on Vashon/Maury Island. The 2001 total assessed land value was \$73,711,252 and the 2002 recommended total assessed land value is \$72,651,400 which represents an overall 1.5% decrease in the total assessed land value.

A list of vacant sales used and those considered not reflective of market are included in the following sections.

Vacant Sales Used

Area	Nbhd.	Major	Minor	Land Area	E #	Sale Price	Sale Date	SP / Ld. Area	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
047	010	085550	0270	78,483	1787191	\$272,000	11/13/00	\$3.47	VACANT	R12	1	2	multi-family housing site 2 blocks east of Vashon Highway SW; 16 water units, proposed 21 unit senior apt.
047	010	302303	9041	9,726	1780706	\$60,000	10/04/00	\$6.17	VACANT	CBP	1	2	limited development potential as access widening required;limits space available to develop;1 water unit
047	010	302303	9056	15,600	1707368	\$205,000	08/24/99	\$13.14	VACANT	CBP	1	2	fronts on Vashon Highway SW, 1/2 block north of Bank Rd. in the heart of the business district; 1 water unit
047	010	888440	0020	41,200	1624369	\$340,000	07/07/98	\$8.25	VACANT	CBP	1	2	irregular shape, 1 block east of Vashon Highway SW; 12 water units
047	020	284620	0070	7,800	1649860	\$105,000	11/07/98	\$13.46	VACANT	CBP	1	2	1 block west of Vashon Highway SW; 1 water unit, site of farmers market
047	020	322303	9102	373,309	1598222	\$80,000	02/18/98	\$0.21	BEAL GREEN HOUSES-VACANT LAND	RA5	1	2	SE of central business district, 3 water units
047	010	292303	9148	316,245	1846770	\$185,000	10/11/01	\$0.58	UPLAND MOBILE HOME PARK	R4P	1	2	just NE of central business district, value in land, 6 water units
047	020	322303	9114	337,590	1809575	\$1,500,000	03/16/01	\$4.44	VACANT COMMERCIAL LAND	CBP	1	2	site of new lumber/hardware store, 15 water units, price set 9/00, no market exposure, out of state seller

Improved Parcel Total Values:

Sales comparison approach model description

There were too few sales to develop a model for sales comparison.

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application. Cost estimates were relied upon in almost every instance of exempt properties including schools, churches, fire stations and public utility buildings, and served also as value indicators for new construction projects.

Cost calibration

The Marshall & Swift cost modeling system built in to the Real Property Application is calibrated to the region and the Seattle area.

Income capitalization approach model description

Income parameters were derived from the market place through the sales listed below as well as through market surveys of rents from recent physical inspections and the sales verification process. Income tables were formulated during the 2001 revalue for the main business district of Vashon, neighborhoods 10,20, and the north portion of 30. These tables were applied to the different uses of income-producing properties in these neighborhoods.

Below is a chart listing the income parameters used in the 2001 as well as the 2002 income approach's to valuation.

Neighborhoods 10 & 20 & North Central portion of Neighborhood 30 (typically zoned CBP)

Office	range \$6 to \$15
Medical/Dental Office	range \$8 to \$18
Retail	range \$3.75 to \$12
Restaurants (table service)	range \$9 to \$10
Florist	range \$11 to \$12
Barber Shop/Salon	range \$9 to \$9.50
Bar / Tavern	range \$7 to \$8
Supermarket	range \$6
Service Garages	range \$4.50 to \$6.75
Mini-Mart (no gas)	range \$6.25 to \$15.50
Medical Office	range \$6.75 to \$18
Storage (various)	range \$1.75 to \$4.50
Finished Basement	range \$2 to \$6
Unfinished Bsmt	range \$1.15 to \$3.20
Display/Off Mezz	range \$1 to \$5.50
Storage Mezzanine	range \$0.60 to \$2.40
Veterinary Hospitals	range \$6 to \$16

In all instances for neighborhoods 10,20 and part of 30, except for medical/dental offices and veterinary hospitals the parameters for vacancy and credit loss, triple net expenses, and capitalization rates were as follows:

1) Vacancy and Credit Loss	All Ages	5%
2) Operating Expenses	Age 1900 to 1959	10%
	Age 1960 to 2001	5%
3) Cap Rate	Age 1900 to 1959	10.50%
	Age 1960 to 2001	10.00%

For medical/dental offices and veterinary hospitals the operating expenses were as follows:

Age	1900 to 1959	15.00%
Age	1960 to 2001	10.00%

In neighborhoods where the “previous” value was selected and that value was originally estimated using the income approach, the following income parameters stratified by the various property types were used:

(Note: all rents are annual triple net)

1) Retail / Office	Rent Avg	\$6.75 to \$9	range \$4.50 to \$11.25
2) Restaurants	Rent Avg	\$ 9 to \$12	range \$5.50 to \$16
3) Bar / Tavern	Rent Avg	\$7.50 to \$9	range \$3 to \$12
4) Supermarket	Rent Avg	\$5.50 to \$10.50	range \$3.50 to \$13
5) Service Garages	Rent Avg	\$ 5 to \$7	range \$3 to \$9.25
6) Mini-Mart (no gas)	Rent Avg	\$ 9 to \$12	range \$6.25 to \$15.50
7) Multiple Residence	Rent Avg	\$ 7 to \$10	range \$3.50 to \$14
8) Medical Office	Rent Avg	\$10.50 to \$14	range \$6.75 to \$18
9) Storage	Rent Avg	\$2.50 to \$4	range \$1.75 to \$5
10) Finished Basement	Rent Avg	\$2.50 to \$4	range \$0.75 to \$6
11) Unfinished Bsmt	Rent Avg	\$1.80 to \$2.40	range \$1.15 to \$3.20
12) Display/Off Mezz	Rent Avg	\$2.50 to \$4	range \$1 to \$5.50
13) Storage Mezzanine	Rent Avg	\$1.20 to \$1.80	range \$0.60 to \$2.40

In all instances, except for Mini-Marts (without gas), the parameters for vacancy and credit loss, triple net expenses, and capitalization rates were as follows...

1) Vacancy and Credit Loss	All Ages	5%
2) Operating Expenses	Age 1900 to 1949	15%
	Age 1950 to 1969	12.50%
	Age 1970 to 1999	10%
3) Cap Rate	Age 1900 to 1939	12.50%
	Age 1940 to 1949	11.50%
	Age 1950 to 1969	11%
	Age 1970 to 1979	10.50%
	Age 1980 to 2001	10%

For Mini-Marts (without gas) the operating expenses were 10% for all ages.

Income approach calibration

The models were calibrated after setting base rents by using adjustments based on effective age, and quality of construction.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

All parcels were individually reviewed for correctness of the model application before final value selection. All of the factors used to establish value by the model were subject to adjustment. The market rents as established by the income model were used as a guide in establishing the market rental rates used. The market rental rate applied varies somewhat but falls within an acceptable range of variation from the established guideline. The Senior Appraiser reviewed final values selected before posting.

Model Validation

Total Value Conclusions, Recommendations and Validation:

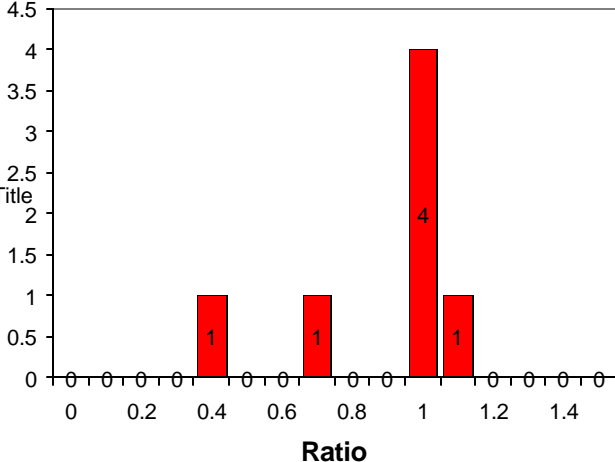
Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

There were too few sales for a meaningful Ratio Study analysis to determine if the standard statistical measures of valuation performance are all within IAAO guidelines.

Application of these recommended values for the 2002 assessment year (taxes payable in 2003) results in an average total change from the 2001 assessments of -1.4%. The total assessed value for the 2001 assessment year for area 47 was \$149,599,890. The total recommended assessed value for the 2002 assessment year is \$147,568,838. This decrease is due partly to the greater depreciation of the improved properties valued by the cost method and to a lesser extent some value changes made to achieve better equalization of assessment levels. The 2001 vacant and improved sales do not indicate a downward market change.

Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the appropriate district office.

2001 Ratio

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:		
Central Crew	1/1/2001	4/11/2002	1/4/99 - 12/18/01		
Area	Appr ID:	Prop Type:	Trend used?: Y / N		
47 - 2001 Ratio	DMAR	Improvement	N		
SAMPLE STATISTICS					
Sample size (n)	7	<div>Ratio Frequency</div>  <p>A histogram titled 'Ratio Frequency' showing the distribution of ratios. The x-axis is labeled 'Ratio' and ranges from 0 to 1.4 with increments of 0.2. The y-axis is labeled 'Axis Title' and ranges from 0 to 4.5 with increments of 0.5. There are four red bars with the following frequencies: a bar at 0.4 with frequency 1, a bar at 0.7 with frequency 1, a bar at 1.0 with frequency 4, and a bar at 1.1 with frequency 1.</p>			
Mean Assessed Value	358,500				
Mean Sales Price	427,400				
Standard Deviation AV	301,675				
Standard Deviation SP	323,194				
ASSESSMENT LEVEL					
Arithmetic mean ratio	0.839	<div>These figures reflect the 2001 assessed values as compared to the current market. There are too few sales in this analysis to provide statistically significant results.</div>			
Median Ratio	0.916				
Weighted Mean Ratio	0.839				
UNIFORMITY					
Lowest ratio	0.3564				
Highest ratio:	1.0840				
Coefficient of Dispersion	16.51%				
Standard Deviation	0.2438				
Coefficient of Variation	29.06%				
Price-related Differential	1.00				
RELIABILITY					
95% Confidence: Median					
Lower limit	0.356				
Upper limit	1.084				
95% Confidence: Mean					
Lower limit	0.658				
Upper limit	1.020				
SAMPLE SIZE EVALUATION					
N (population size)	177				
B (acceptable error - in decimal)	0.05				
S (estimated from this sample)	0.2438				
Recommended minimum:	62				
Actual sample size:	7				
Conclusion:	Uh-oh				
NORMALITY					
Binomial Test					
# ratios below mean:	2				
# ratios above mean:	5				
z:	0.755928946				
Conclusion:	Normal*				
*i.e., no evidence of non-normality					

2002 Ratio

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:										
Central Crew	1/1/2002	4/11/2002	1/4/99 - 12/18/01										
Area	Appr ID:	Prop Type:	Trend used?: Y / N										
47	DMAR	Improvement	N										
SAMPLE STATISTICS													
Sample size (n)	7	<div>Ratio Frequency</div> <table><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.7</td><td>1</td></tr><tr><td>0.9</td><td>1</td></tr><tr><td>1.0</td><td>4</td></tr><tr><td>1.1</td><td>1</td></tr></tbody></table>		Ratio	Frequency	0.7	1	0.9	1	1.0	4	1.1	1
Ratio	Frequency												
0.7	1												
0.9	1												
1.0	4												
1.1	1												
Mean Assessed Value	389,300												
Mean Sales Price	427,400												
Standard Deviation AV	315,357												
Standard Deviation SP	323,194												
ASSESSMENT LEVEL													
Arithmetic mean ratio	0.904	<div>These figures reflect the recommended 2002 assessed values as compared to the current market. There are too few sales in this analysis to provide statistically significant results.</div>											
Median Ratio	0.916												
Weighted Mean Ratio	0.911												
UNIFORMITY													
Lowest ratio	0.6232												
Highest ratio:	1.0840												
Coefficient of Dispersion	9.17%												
Standard Deviation	0.1413												
Coefficient of Variation	15.63%												
Price-related Differential	0.99												
RELIABILITY													
95% Confidence: Median													
Lower limit	0.623												
Upper limit	1.084												
95% Confidence: Mean													
Lower limit	0.800												
Upper limit	1.009												
SAMPLE SIZE EVALUATION													
N (population size)	177												
B (acceptable error - in decimal)	0.05												
S (estimated from this sample)	0.1413												
Recommended minimum:	27												
Actual sample size:	7												
Conclusion:	Uh-oh												
NORMALITY													
Binomial Test													
# ratios below mean:	3												
# ratios above mean:	4												
z:	0												
Conclusion:	Normal*												
*i.e., no evidence of non-normality													

Improvement Sales Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
047	010	292303	9295	840	1753547	\$50,000	05/09/00	\$59.52	BAKERY	CB	1	2	
047	010	302303	9061	1,520	1859606	\$220,000	12/18/01	\$144.74	RETAIL/CONSIGNMENT SHOPS	BC	1	2	
047	020	312303	9035	1,080	1774610	\$165,000	08/24/00	\$152.78	VASHON WAGEN		1	2	
047	020	312303	9044	6,835	1752763	\$364,500	05/05/00	\$53.33	TRILLIUM TABLE LINENS OFF/WHSE		1	2	
047	020	312303	9074	9,595	1696703	\$902,500	07/02/99	\$94.06	COURT HOUSE	CBPSO	1	2	
047	050	182203	9109	0	1765922	\$1,350,000	06/30/00	\$0.00	QUARTERMASTER HARBOR MARINA		7	2	not in ratio study as sale included parcels in residential responsibility
047	050	192203	9032	3,363	1660346	\$490,000	01/04/99	\$145.70	BED & BREAKFAST		1	2	
047	010	292303	9068	7,500	1829734	\$800,000	07/12/01	\$106.67	VASHON HOME CENTER	BC	1	2	